

**UNIFIED SCHOOL DISTRICT NO. 223**  
**BARNES, KANSAS**

**REPORT ON AUDIT**  
**SPECIAL FINANCIAL STATEMENTS**

JUNE 30, 2014

BRUNA AUDITING SERVICES LLC  
DEREK BRUNA  
CERTIFIED PUBLIC ACCOUNTANT  
WASHINGTON, KANSAS

**UNIFIED SCHOOL DISTRICT NO. 223**  
**Barnes, Kansas**

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**UNIFIED SCHOOL DISTRICT NO. 223**

**Barnes, Kansas**

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**BAS LLC**  
Bruna Auditing Services LLC  
Derek Bruna, CPA

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Unified School District No. 223  
Barnes, Kansas 66933

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 223, as of and for the year ended June 30, 2014 and the related notes to the financial statement.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note A to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on the financial statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note A of the financial statement, the financial statement is prepared by the Unified School District No. 223 to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 223 as of June 30, 2014, or changes in financial position and cash flows thereof for the year then ended.

*Opinion on Regulatory Basis of Accounting*

In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 223 as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note A.

*Report on Supplementary Information*

My audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

The 2013 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Statement 3 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion dated November 10, 2014. The 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or to the 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note A.

Bruna Auditing Services LLC

Handwritten signature of Derek Brunna in black ink, followed by the text "CPA".

Derek Brunna, CPA

Washington, Kansas

November 10, 2014

SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH

Regulatory Basis

For The Year Ended June 30, 2014

Fund	Statement Number	Beginning			Prior Year Canceled Encumbrances	Cash		Ending Unencumbered Cash Balance	Add Outstanding Encumbrances & A/P		Ending Cash Balance
		Unencumbered Cash Balance				Receipts	Expenditures				
General Funds:											
General Fund	3-1	\$	0	\$	0	\$ 3,095,189	\$ 3,095,189	\$	0	\$	0
Supplemental General	3-2		63,540		0	1,078,753	1,048,269		0		94,024
Special Purpose Funds:											
At Risk-(K 12) Fund	3-3		0		0	150,000			0		0
Bilingual Education	3-4		0		0	18,675	18,675		0		0
Capital Outlay Fund	3-5		484,107		0	161,841	158,994		0		486,954
Driver Training	3-6		26,273		0	5,254	1,110		0		30,417
Food Service Fund	3-7		72,616		0	242,132	236,252		0		78,496
Professional Development Fund	3-8		41,580		0	90	9,105		0		32,565
Parent as Teachers	3-9		10,444		0	8,000	9,156		0		9,288
Special Education Fund	3-10		156,527		0	649,592	676,970		0		129,149
Vocational Education Fund	3-11		0		0	185,451	185,451		0		0
Gifts and Grants Fund	3-12		15,413		0	14,628	14,177		0		15,864
Interest	3-13		0		0	5,139	5,139		0		0
Title I Fund-Migrant	3-14		0		0	40,247	40,247		0		0
Title I Fund-Current	3-15		0		0	57,005	57,005		0		0
Title I-Carryover	3-16		0		0	0	0		0		0
Title II A-Teacher Quality Fund	3-17		0		0	13,960	13,960		0		0
KPERs Retirement Fund	3-18		0		0	252,299	252,299		0		0
Contingency Reserve Fund	3-19		173,266		0	0	0		0		173,266
Textbook Rental Fund	3-20		53,816		0	36,650	34,411		0		56,055
Small Rural School Fund	3-21		0		0	24,561	24,561		0		0
Bond and Interest Funds:											
Bond and Interest Fund	3-22		455,847		0	254,354	197,345		0		512,856
		\$	1,533,429	\$	0	\$ 6,293,820	\$ 6,228,315	\$	0	\$	1,618,934
Composition of Cash											
Checking Account UBT											\$ 1,416,079
Checking Account Palmer											2,855
Certificate of Deposit											200,000
Total Excluding Fiduciary, & Agency Funds											1,618,934

**REGULATORY - REQUIRED  
SUPPLEMENTARY INFORMATION**

UNIFIED SCHOOL DISTRICT NO. 223  
Barnes, Kansas

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2014

STATEMENT 2

Fund	Statement Number	Certified		Adjustments		Adjustments For		Total Budget		Expenditures		Variance	
		Budget		To Comply With Legal Max		Qualifying Budget Credits		For Comparison		Chargeable To Current Year		Over (Under)	
General Funds:													
General Fund	3-1	\$	3,150,614	\$	(111,302)	\$	0	\$	3,039,312	\$	3,095,189	\$	55,877
Supplemental General	3-2		1,068,108		(35,914)		0		1,032,194		1,048,269		16,075
Special Purpose Funds:													
At Risk (K-12)	3-3		170,000		0		0		170,000		150,000		(20,000)
Bilingual Education	3-4		24,150		0		0		24,150		18,675		(5,475)
Capital Outlay	3-5		400,000		0		0		400,000		158,994		(241,006)
Driver Training	3-6		26,400		0		0		26,400		1,110		(25,290)
Food Service	3-7		272,470		0		0		272,470		236,252		(36,218)
Professional Development	3-8		22,100		0		0		22,100		9,105		(12,995)
Parent as Teachers	3-9		14,000		0		0		14,000		9,156		(4,844)
Special Education	3-10		765,514		0		0		765,514		676,970		(88,544)
Vocational Education	3-11		190,000		0		0		190,000		185,451		(4,549)
Gifts and Grants Fund	3-12		20,000		0		0		20,000		14,177		(5,823)
KPERS	3-18		263,561		0		0		263,561		252,299		(11,262)
Bond and Interest Funds:													
Bond And Interest			197,345		0		0		197,345		197,345		0
TOTALS		\$	6,584,262	\$	0	\$	0	\$	6,437,046	\$	6,052,992	\$	(384,054)



## UNIFIED SCHOOL DISTRICT NO. 223

Barnes, Kansas

## SCHEDULE OF RECEIPTS AND EXPENDITURES

## ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2014

(With Comparative Actual Totals for Prior Year Ended June 30, 2013)

## STATEMENT 3-1

## GENERAL FUND

	Current Year			
	Prior Year Actual Transactions	Actual Transactions	Budget	Variance Over (Under)
<b>Statutory Revenues</b>				
Taxes in Process	\$ 9,865	\$ 11,104	\$ 1,351	\$ 9,753
Current Tax	549,161	596,155	579,188	16,967
Delinquent Tax	1,828	2,743	7,062	(4,319)
State Equilization Aid	1,986,626	1,978,723	2,054,773	(76,050)
Special Education Aid	488,327	450,586	508,240	(57,654)
Ed Jobs Fund	0	0	0	0
Reimbursements	0	0	0	0
<b>Total Statutory Revenues</b>	<b>3,035,807</b>	<b>3,039,311</b>	<b>3,150,614</b>	<b>(121,056)</b>
<b>Expenditures</b>				
Instruction				
Salaries	1,321,608	1,334,383	1,353,403	(19,020)
Employee Benefits	350,203	376,285	383,000	(6,715)
Other Purchased Services	0	0	10,000	(10,000)
Supplies	0	0	5,000	(5,000)
Property	0	0	3,500	(3,500)
Other	0	0	20,000	(20,000)
<b>Total Instruction</b>	<b>1,671,811</b>	<b>1,710,668</b>	<b>1,774,903</b>	<b>(64,235)</b>
Student Support Services				
Salaries	79,981	79,805	74,000	5,805
Employee Benefits	18,750	19,701	26,150	(6,449)
Supplies			1,000	(1,000)
<b>Total Student Support</b>	<b>98,731</b>	<b>99,506</b>	<b>101,150</b>	<b>(1,644)</b>
Instructional Support Staff				
Salaries	54,808	85,380	61,000	24,380
Employee Benefits	19,035	26,656	16,650	10,006
<b>Total Instructional Support</b>	<b>73,843</b>	<b>112,036</b>	<b>77,650</b>	<b>34,386</b>
General Administration				
Salaries	60,369	61,477	38,000	23,477
Employee Benefits	22,844	24,823	24,000	823
Purchased Prof & Tech Services	8,568	11,241	5,000	6,241
Supplies	4,688	1,402	0	1,402
Other	40,079	47,359	13,500	33,859
<b>Total General Administration</b>	<b>136,548</b>	<b>146,302</b>	<b>80,500</b>	<b>65,802</b>
School Administration				
Salaries	38,122	38,969	38,000	969
Other	16,082	14,656	4,000	10,656
Employee Benefits	58,460	59,192	28,644	30,548
<b>Total School Administration</b>	<b>112,664</b>	<b>112,817</b>	<b>70,644</b>	<b>42,173</b>
Operations and Maintenance				
Salaries	0	0	0	0
Employee Benefits	0	0	36,500	(36,500)
Other Purchases	31,717	35,982	52,500	(16,518)
District Insurance	0	0	0	0
Utilities	15,172	16,306	0	16,306
<b>Total Operations and Maintenance</b>	<b>46,889</b>	<b>52,288</b>	<b>89,000</b>	<b>(36,712)</b>

## UNIFIED SCHOOL DISTRICT NO. 223

Barnes, Kansas

## SCHEDULE OF RECEIPTS AND EXPENDITURES

## ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2014

(With Comparative Actual Totals for Prior Year Ended June 30, 2013)

## STATEMENT 3-1 (cont.)

	GENERAL FUND			
	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over
	Transactions	Transactions		(Under)
Student Transportation				
Salaries	\$ 0	\$ 0	\$ 0	\$ 0
Employee Benefits	7,608	8,052	1,500	6,552
Vehicle Operating Services				
Salaries	0	0	0	0
Employee Benefits	0	0	6,300	(6,300)
Vehicle Services & Maintenance				
Other Purchased Services	0	0	0	0
Other	0	0	0	0
Total Student Transportation Services	7,608	8,052	7,800	252
Other Supplemental Services				
Salaries	0	0	25,000	(25,000)
Employee Benefits	0	0	8,900	(8,900)
Other	0	0	2,000	(2,000)
Supplies	0	0	3,000	(3,000)
Total Other Supplemental Services	0	0	38,900	(38,900)
ARRA Stabilization				
Salaries	0	0	0	0
Employee Benefits	0	0	0	0
Total ARRA Stabilization	0	0	0	0
Ed Jobs				
Salaries	0	0	0	0
Total Ed Jobs	0	0	0	0
Operating Transfers				
Bilingual Education	18,000	12,000	12,000	0
Special Education	560,213	511,270	562,067	(50,797)
Vocational Education	180,000	180,000	180,000	0
Capital Outlay	0	0	1,000	(1,000)
Food Service	0	250	1,000	(750)
Parent Education	0	0	1,000	(1,000)
Contingency Reserve	0	0	1,000	(1,000)
Driver Training	0	0	1,000	(1,000)
Professional Development	10,000	0	1,000	(1,000)
At Risk (K-12)	150,000	150,000	150,000	0
Total Operating Transfers	918,213	853,520	910,067	(56,547)
Adjustment For Legal Max			0	0
Adjustment For Reimbursements	(30,500)	(55,878)		0
Total Expenditures	3,035,807	3,039,311	3,150,614	(55,425)
Statutory Revenues (Under) Expenditures	0	0		
Modified Unencumbered Cash - Beginning	0	0		
Prior Year Cancelled Encumbrances	0	0		
Modified Unencumbered Cash - Ending	0	0		

UNIFIED SCHOOL DISTRICT NO. 223  
Barnes, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET  
Regulatory Basis

For The Year Ended June 30, 2014

(With Comparative Actual Totals for Prior Year Ended June 30, 2013)

STATEMENT 3-2

SUPPLEMENTAL GENERAL FUND

	Prior Year Actual Transactions	Current Year		
		Actual Transactions	Budget	Variance Over (Under)
<b>Statutory Revenues</b>				
Ad Volorem Tax	\$ 15,024	\$ 15,548	\$ 5,727	\$ 9,821
Ad Volorem In Process	668,291	759,760	0	759,760
Delinquent Tax	3,472	5,167	8,646	(3,479)
Miscellaneous	4,073	4,035	0	4,035
16/20 Trucks	11,765	11,286	0	11,286
Recreational Vehicle Tax	511	551	488	63
Motor Vehicle Tax	64,620	63,770	72,223	(8,453)
State Aid	239,317	206,596	210,281	(3,685)
Misc	458	12,040	0	12,040
<b>Total Statutory Revenues</b>	<b>1,007,531</b>	<b>1,078,753</b>	<b>297,365</b>	<b>781,388</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Salaries	0	0	0	0
Internet/Technology	64,259	51,503	0	51,503
Other	0	0	18,000	(18,000)
Property	0	0	30,000	(30,000)
Supplies/Athletics	69,677	62,552	105,000	(42,448)
<b>Total Instruction</b>	<b>133,936</b>	<b>114,055</b>	<b>153,000</b>	<b>(38,945)</b>
<b>School Administration</b>				
Salaries	231,700	231,700	231,700	0
<b>Total School Administration</b>	<b>231,700</b>	<b>231,700</b>	<b>231,700</b>	<b>0</b>
<b>Operations and Maintenance</b>				
Utilities/Phone	96,754	113,321	100,000	13,321
Dist Office and Copy	34,170	27,550	0	27,550
Property	0	0	4,000	(4,000)
Salaries	193,884	193,692	118,000	75,692
Repairs/Supplies	71,943	60,105	70,000	(9,895)
<b>Total Operations and Maintenance</b>	<b>396,751</b>	<b>394,668</b>	<b>292,000</b>	<b>102,668</b>
<b>Student Transportation</b>				
Salaries	0	0	86,050	(86,050)
Other Transportation	67,470	90,914	78,500	12,414
Fuel	72,906	64,074	77,000	(12,926)
<b>Total Student Transportation</b>	<b>140,376</b>	<b>154,988</b>	<b>241,550</b>	<b>(86,562)</b>
<b>Transfers</b>				
Bilingual	4,120	6,675	12,150	(5,475)
Driver Training	0	0	1,000	(1,000)
Professional Development	0	0	1,000	(1,000)
Food Service	0	0	1,000	(1,000)
Special Education	118,333	138,183	124,708	13,475
Parents Ed	9,000	8,000	10,000	(2,000)
<b>Total Transfers</b>	<b>131,453</b>	<b>152,858</b>	<b>149,858</b>	<b>3,000</b>
Adjustment For Legal Max			0	0
<b>Total Expenditures</b>	<b>1,034,216</b>	<b>1,048,269</b>	<b>1,068,108</b>	<b>(19,839)</b>
<b>Statutory Revenues Over (Under) Expenditures</b>	<b>(26,685)</b>	<b>30,484</b>		
<b>Modified Unencumbered Cash - Beginning</b>	<b>90,225</b>	<b>63,540</b>		
<b>Prior Year Cancelled Encumbrances</b>	<b>0</b>	<b>0</b>		
<b>Modified Unencumbered Cash - Ending</b>	<b>\$ 63,540</b>	<b>\$ 94,024</b>		

## UNIFIED SCHOOL DISTRICT NO. 223

Barnes, Kansas

## SCHEDULE OF RECEIPTS AND EXPENDITURES

## ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2014

(With Comparative Actual Totals for Prior Year Ended June 30, 2013)

STATEMENT 3-3AT RISK (K-12) FUND

	Current Year			Variance Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Miscellaneous	\$ 0	\$ 0	\$ 20,000	\$ (20,000)
Transfer from General	150,000	150,000	150,000	0
Total Cash Receipts	150,000	150,000	170,000	(20,000)
Expenditures				
Instruction				
Salaries	137,561	137,080	136,828	252
Employee Benefits	12,064	12,370	13,172	(802)
Supplies - Technology	375	550	20,000	(19,450)
Miscellaneous	0	0	0	0
Transportation	0	0	0	0
Salaries	0	0	0	0
Employee Benefits	0	0	0	0
Total Expenditures	150,000	150,000	170,000	(20,000)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash - Beginning	0	0		
Unencumbered Cash - Ending	0	0		

UNIFIED SCHOOL DISTRICT NO. 223  
Barnes, Kansas  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET  
Regulatory Basis  
For The Year Ended June 30, 2014  
(With Comparative Actual Totals for Prior Year Ended June 30, 2013)

**STATEMENT 3-4**

**BILINGUAL EDUCATION**

		<u>Current Year</u>		
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>Cash Receipts</b>				
Transfer from Interest	\$ 0	\$ 0	\$ 0	\$ 0
Transfer from General	18,000	12,000	12,000	0
Transfer from Supp General	<u>4,120</u>	<u>6,675</u>	<u>12,150</u>	<u>(5,475)</u>
<b>Total Cash Receipts</b>	<u><u>22,120</u></u>	<u><u>18,675</u></u>	<u><u>24,150</u></u>	<u><u>(5,475)</u></u>
<b>Expenditures</b>				
<b>Instruction</b>				
Salary	18,211	17,499	18,000	(501)
Employee Benefits	3,909	1,176	5,150	(3,974)
Supplies	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>(1,000)</u>
<b>Total Expenditures</b>	<u><u>22,120</u></u>	<u><u>18,675</u></u>	<u><u>24,150</u></u>	<u><u>(5,475)</u></u>
<b>Receipts Over (Under) Expenditures</b>	\$ 0	\$ 0		
<b>Unencumbered Cash - Beginning</b>	<u>0</u>	<u>0</u>		
<b>Unencumbered Cash - Ending</b>	<u><u>0</u></u>	<u><u>0</u></u>		

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STATEMENT 3-5CAPITAL OUTLAY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Ad Volorem Tax	\$ 2,537	\$ 2,761	\$ 1,013	\$ 1,748
Ad Volorem In Process	118,664	127,908	125,023	2,885
Delinquent Tax	577	883	1,535	(652)
Motor Vehicle Tax	10,705	10,934	12,421	(1,487)
Rec Vehicle Tax	85	94	84	10
16/20 Trucks	1,933	1,905	0	1,905
Interest on Idle Funds	0	0	0	0
Misc Receipts	26,491	17,356	0	17,356
Transfer from General	0	0	1,000	(1,000)
Reimbursement	0	0	0	0
<b>Total Cash Receipts</b>	<u>160,992</u>	<u>161,841</u>	<u>141,076</u>	<u>20,765</u>
<b>Expenditures</b>				
Instruction				
Property	29,197	61,266	100,000	(38,734)
General Administration				
Property	0	12,003	50,000	(37,997)
Transportation				
Property	90,420	74,503	250,000	(175,497)
Facility acq & construction				
Site Acquisition	0	0	0	0
Site Improvement	0	2,850	0	2,850
Architectual Services	0	0	0	0
Building Additions	0	0	0	0
New Building	0	0	0	0
Repair and Remodel	26,043	8,372	0	8,372
Other	0	0	0	0
<b>Total Expenditures</b>	<u>145,660</u>	<u>158,994</u>	<u>400,000</u>	<u>(241,006)</u>
<b>Receipts Over (Under) Expenditures</b>	15,332	2,847		
<b>Unencumbered Cash - Beginning</b>	<u>468,775</u>	<u>484,107</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 484,107</u>	<u>486,954</u>		

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**STATEMENT 3-6**

**DRIVER TRAINING**

	<u>Current Year</u>			
	<u>Prior Year</u>			<u>Variance Over</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
<b>Cash Receipts</b>				
State Aid	\$ 3,627	\$ 2,210	\$ 4,600	\$ (2,390)
Reimbursements	2,800	3,044	0	3,044
Miscellaneous	0	0	4,000	(4,000)
Operating Transfers	0	0	2,000	(2,000)
<b>Total Cash Receipts</b>	<u>6,427</u>	<u>5,254</u>	<u>10,600</u>	<u>(5,346)</u>
<b>Expenditures</b>				
Instruction				
Salaries	5,199	0	6,000	(6,000)
Employee Benefits	403	0	900	(900)
Supplies	0	55	2,000	(1,945)
Vehicle Operating & Maintenance				
Repairs	427	1,033	0	1,033
Fuel	1,149	22	1,500	(1,478)
Property (Equip & Furn)	15	0	15,000	(15,000)
Other	0	0	1,000	(1,000)
<b>Total Expenditures</b>	<u>7,193</u>	<u>1,110</u>	<u>26,400</u>	<u>(25,290)</u>
<b>Receipts Over (Under) Expenditures</b>	(766)	4,144		
<b>Unencumbered Cash - Beginning</b>	<u>27,039</u>	<u>26,273</u>		
<b>Unencumbered Cash - Ending</b>	<u>26,273</u>	<u>30,417</u>		

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STATEMENT 3-7FOOD SERVICE FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Federal Aid	\$ 98,524	\$ 101,334	\$ 99,588	\$ 1,746
State Aid	2,112	2,121	1,931	190
Meals	121,481	132,801	127,854	4,947
Interest	11,240	5,000	15,000	(10,000)
Reimbursements	0		0	0
Miscellaneous	63	626	0	626
Transfer	0	250	2,000	(1,750)
<b>Total Cash Receipts</b>	<u>233,420</u>	<u>242,132</u>	<u>246,373</u>	<u>(4,241)</u>
<b>Expenditures</b>				
Operations & Maintenance				
Salaries	68,463	68,617	70,000	(1,383)
Employee Benefits	7,470	5,930	6,750	(820)
Food Service Operations				
Management	7,120	7,220	7,220	0
Food Costs	132,128	141,475	165,000	(23,525)
Non-food	7,532	7,396	10,000	(2,604)
Property	8,359	4,903	10,000	(5,097)
Repairs & Other	2,874	711	3,500	(2,789)
<b>Total Expenditures</b>	<u>233,946</u>	<u>236,252</u>	<u>272,470</u>	<u>(36,218)</u>
<b>Receipts Over (Under) Expenditures</b>	(526)	5,880		
<b>Unencumbered Cash - Beginning</b>	<u>73,142</u>	<u>72,616</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>72,616</u>	<u>78,496</u>		



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STATEMENT 3-8PROFESSIONAL DEVELOPMENT FUND

		<u>Current Year</u>		
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>Cash Receipts</b>				
Other Revenue	\$ 23	\$ 90	\$ 0	\$ 90
State Aid	0	0	0	0
Transfer General	10,000	0	1,000	(1,000)
Transfer Supplement General	0	0	1,000	(1,000)
<b>Total Cash Receipts</b>	<u>10,023</u>	<u>90</u>	<u>2,000</u>	<u>(1,910)</u>
<b>Expenditures</b>				
Instructional Support Staff				
Salaries	3,487	2,055	5,000	(2,945)
Employee Benefits	271	165	600	(435)
Other Purchased Services	2,670	5,245	15,000	(9,755)
Supplies	5,869	1,640	1,500	140
<b>Total Expenditures</b>	<u>12,297</u>	<u>9,105</u>	<u>22,100</u>	<u>(12,995)</u>
<b>Receipts Over (Under) Expenditures</b>	(2,274)	(9,015)		
<b>Unencumbered Cash - Beginning</b>	<u>43,854</u>	<u>41,580</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>41,580</u>	\$ <u>32,565</u>		

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**STATEMENT 3-9**

**PARENT EDUCATION PROGRAM FUND**

		<u>Current Year</u>		
	<u>Prior Year</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over</u>
	<u>Actual</u>			<u>(Under)</u>
<b>Cash Receipts</b>				
Local Source	0	0	2,000	(2,000)
Operating Transfers General	\$ 0	\$ 0	\$ 1,000	\$ (1,000)
Operating Transfers Supplemental	<u>9,000</u>	<u>8,000</u>	<u>10,000</u>	<u>(2,000)</u>
<b>Total Cash Receipts</b>	<u><u>9,000</u></u>	<u><u>8,000</u></u>	<u><u>13,000</u></u>	<u><u>(3,000)</u></u>
<b>Expenditures</b>				
Support Service				
Misc Supplies	0	0	4,000	(4,000)
Co-op Payment	<u>9,002</u>	<u>9,156</u>	<u>10,000</u>	<u>(844)</u>
<b>Total Expenditures</b>	<u><u>9,002</u></u>	<u><u>9,156</u></u>	<u><u>14,000</u></u>	<u><u>(4,844)</u></u>
<b>Receipts Over (Under) Expenditures</b>	(2)	(1,156)		
<b>Unencumbered Cash - Beginning</b>	<u>10,446</u>	<u>10,444</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u><u>10,444</u></u>	\$ <u><u>9,288</u></u>		

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STATEMENT 3-10SPECIAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
State Sources	\$ 488,327	\$ 450,586	\$ 0	\$ 450,586
Federal Sources	6,642	0	7,000	(7,000)
Miscellaneous	0	139	0	139
Transfer General	71,886	60,684	562,067	(501,383)
Operating Transfers	118,333	138,183	124,708	13,475
<b>Total Cash Receipts</b>	<u>685,188</u>	<u>649,592</u>	<u>693,775</u>	<u>(44,183)</u>
<b>Expenditures</b>				
Instruction				
Purchased Services (pay to Co-op)	595,954	610,986	633,014	(22,028)
Maintenance/Rent	7,550	13,468	12,500	968
Vehicle Operating Services				
Salaries	35,461	26,915	50,000	(23,085)
Employee Benefits	2,741	2,153	3,500	(1,347)
Other Purchased Services	1,435	1,264	15,500	(14,236)
Supplies-Fuel	11,901	14,038	15,000	(962)
Miscellaneous-Supplies	6,703	6,342	5,000	1,342
Utilities	0	1,804	12,000	(10,196)
Equipment	2,577	0	18,000	(18,000)
<b>Total Expenditures</b>	<u>664,322</u>	<u>676,970</u>	<u>764,514</u>	<u>(87,544)</u>
<b>Receipts Over (Under) Expenditures</b>	20,866	(27,378)		
<b>Unencumbered Cash - Beginning</b>	<u>135,661</u>	<u>156,527</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>156,527</u>	<u>129,149</u>		

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STATEMENT 3-11VOCATIONAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Miscellaneous/Reimb	\$ 6,926	\$ 5,451	\$ 10,000	\$ (4,549)
Interest	0	0	0	0
Transfer from General	180,000	180,000	180,000	0
<b>Total Cash Receipts</b>	<u>186,926</u>	<u>185,451</u>	<u>190,000</u>	<u>(4,549)</u>
<b>Expenditures</b>				
Instruction				
Salaries	161,150	162,688	160,000	2,688
Other Purchased Services	0	0	5,000	(5,000)
Equipment	4,525	750	10,000	(9,250)
Other	21,251	22,013	15,000	7,013
<b>Total Expenditures</b>	<u>186,926</u>	<u>185,451</u>	<u>190,000</u>	<u>(4,549)</u>
<b>Receipts Over (Under) Expenditures</b>	0	0		
<b>Unencumbered Cash - Beginning</b>	<u>0</u>	<u>0</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 0</u>	<u>\$ 0</u>		

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STATEMENT 3-12

GIFTS AND GRANTS

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts				
Contributions & Donations	\$ <u>10,054</u>	\$ <u>14,628</u>	\$ <u>20,000</u>	\$ <u>(5,372)</u>
Total Cash Receipts	<u>10,054</u>	<u>14,628</u>	<u>20,000</u>	<u>(5,372)</u>
Expenditures				
Instructional & Educational Mat	<u>9,464</u>	<u>14,177</u>	<u>20,000</u>	<u>(5,823)</u>
Total Expenditures	<u>9,464</u>	<u>14,177</u>	<u>20,000</u>	<u>(5,823)</u>
Receipts Over (Under) Expenditures	590	451		
Unencumbered Cash - Beginning	<u>14,823</u>	<u>15,413</u>		
Unencumbered Cash - Ending	\$ <u>15,413</u>	\$ <u>15,864</u>	\$	

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STATEMENT 3-13INTEREST

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Holding	\$ 11,946	\$ 5,139
Total Cash Receipts	<u>11,946</u>	<u>5,139</u>
Expenditures		
Transfer to Vo Ag	0	0
Transfer to Food Service	11,240	5,000
Transfer to Sp Ed	706	139
Transfer to Capital Outlay	0	0
Bilingual	<u>0</u>	<u>0</u>
Total Expenditures	<u>11,946</u>	<u>5,139</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

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STATEMENT 3-14

TITLE I C MIGRANT

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Aid	\$ <u>35,000</u>	\$ <u>40,247</u>
Total Cash Receipts	<u>35,000</u>	<u>40,247</u>
Expenditures		
Instruction		
Salaries	28,637	32,588
Employee Benefits	2,008	5,471
Supplies	<u>4,355</u>	<u>2,188</u>
Total Expenditures	<u>35,000</u>	<u>40,247</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

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STATEMENT 3-15

TITLE I - CURRENT

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal	\$ <u>59,093</u>	\$ <u>57,005</u>
Total Cash Receipts	<u>59,093</u>	<u>57,005</u>
Expenditures		
Instruction		
Salaries	47,871	48,676
Employee Benefits	11,222	8,329
Purchased Prof & Tech Services	0	0
Supplies	<u>0</u>	<u>0</u>
Total Expenditures	<u>59,093</u>	<u>57,005</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>



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STATEMENT 3-16

TITLE I CARRYOVER

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Intergovernmental Revenue	\$ 0	\$ 0
Federal	<u>1,290</u>	<u>0</u>
Total Cash Receipts	<u><u>1,290</u></u>	<u><u>0</u></u>
Expenditures		
Instruction	<u>1,290</u>	<u>0</u>
Support Service	<u>0</u>	<u>0</u>
Total Expenditures	<u><u>1,290</u></u>	<u><u>0</u></u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

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STATEMENT 3-17

FEDERAL FUNDS

TITLE II A

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts	\$ <u>14,837</u>	\$ <u>13,960</u>
Cash Disbursements	<u>14,837</u>	<u>13,960</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

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STATEMENT 3-18KPERS

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts Flow Through	\$ 223,357	\$ 252,299	\$ 263,561	\$ (11,262)
Total Cash Receipts	<u>223,357</u>	<u>252,299</u>	<u>263,561</u>	<u>(11,262)</u>
Expenditures Instruction	<u>223,357</u>	<u>252,299</u>	<u>263,561</u>	<u>(11,262)</u>
Total Expenditures	<u>223,357</u>	<u>252,299</u>	<u>263,561</u>	<u>(11,262)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>		
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>		

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STATEMENT 3-19

CONTINGENCY RESERVE

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ 0	\$ 0
Expenditures	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	173,266	173,266
Unencumbered Cash - Ending	\$ 173,266	\$ 173,266

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STATEMENT 3-20

TEXTBOOK & STUDENT MATERIAL REVOLVING

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Textbook Rental & Fees	\$ 17,184	\$ 22,608
Materials & Supplies	<u>23,517</u>	<u>14,042</u>
Total Cash Receipts	<u>40,701</u>	<u>36,650</u>
Expenditures		
Textbooks	16,157	14,582
Materials & Supplies	<u>24,127</u>	<u>19,829</u>
Total Expenditures	<u>40,284</u>	<u>34,411</u>
Receipts Over (Under) Expenditures	417	2,239
Unencumbered Cash - Beginning	<u>53,399</u>	<u>53,816</u>
Unencumbered Cash - Ending	\$ <u>53,816</u>	\$ <u>56,055</u>

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STATEMENT 3-21

SMALL RURAL SCHOOLS

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Small Rural School	\$ <u>23,166</u>	\$ <u>24,561</u>
Total Cash Receipts	<u>23,166</u>	<u>24,561</u>
Expenditures		
School Improvement	<u>23,166</u>	<u>24,561</u>
Total Expenditures	<u>23,166</u>	<u>24,561</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

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STATEMENT 3-22BOND AND INTEREST FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Motor Vehicle Tax	\$ 23,908	\$ 26,237	\$ 25,551	\$ 686
Back Taxes	1,121	1,838	3,413	(1,575)
Ad Valorem Taxes	269,011	210,491	201,755	8,736
State Aid	15,874	15,788	15,788	0
Machinery & Equip Aid	0	0	0	0
Total Cash Receipts	<u>309,914</u>	<u>254,354</u>	<u>246,507</u>	<u>7,847</u>
Expenditures				
Bond Principal	175,000	180,000	180,000	0
Bond Interest	23,425	17,345	17,345	0
Cash Reserve	0	0	0	0
Commision and Postage	0	0	0	0
Total Expenditures	<u>198,425</u>	<u>197,345</u>	<u>197,345</u>	<u>0</u>
Receipts Over (Under) Expenditures	111,489	57,009		
Unencumbered Cash - Beginning	<u>344,358</u>	<u>455,847</u>		
Unencumbered Cash - Ending	\$ <u>455,847</u>	\$ <u>512,856</u>		

SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET  
Regulatory Basis  
For The Year Ended June 30, 2014  
(With Comparative Actual Totals for Prior Year Ended June 30, 2013)

STATEMENT 4

SCHOOL ACTIVITY FUNDS									
Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Cash Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances & A/P	Ending Cash Balance		
Hanover High School									
Hanover Activity	\$ 3,679		29,723	32,194	1,208		1,208		1,208
Wildcat Scholarship	\$ 0		1,000	1,000	0		0		0
Organizations/Classes									
Freshman	766		3,257	3,374	649		649		649
Sophomores	1,457		3,483	2,907	2,033		2,033		2,033
Juniors	4,101		20,488	18,178	6,411		6,411		6,411
Seniors	153		4,083	4,236	0		0		0
Art Club	0		492	424	68		68		68
Annual Club	7,590		8,055	6,264	9,381		9,381		9,381
Band Club	509		194	216	487		487		487
Cheerleaders	398		6,923	6,554	767		767		767
FBLA	2,375		16,487	16,971	1,891		1,891		1,891
FFA	3,451		14,215	13,652	4,014		4,014		4,014
FCCLA	3,692		12,439	10,865	5,266		5,266		5,266
H-Club	778		4,051	4,523	306		306		306
Jr. High Cheerleaders	349		254	538	65		65		65
HS Scholar Bowl	538		205	205	538		538		538
National Honor Society	164		304	444	24		24		24
Junior High FBLA	0		210	0	210		210		210
Student Council	852		1,144	1,708	288		288		288
Thespians	1,331		1,990	1,828	1,493		1,493		1,493
Subtotal Hanover Organizations	\$ 28,504	0	98,274	92,887	33,891	0	33,891		33,891
Revolving/Clearing Accounts									
Lunch	66		39,528	39,594	0		0		0
Textbooks	24		18,463	18,487	0		0		0
Revolving Music	0		502	502	0		0		0
Revolving Vo-Ag	0		2,084	2,084	0		0		0
Revolving Wood	0		7,089	7,089	0		0		0
Revolving Art	0		740	740	0		0		0
Petty Cash	1,000		2,900	3,900	0		0		0
Student - Act Petty Cash	0		3,928	3,928	0		0		0
Subtotal Hanover Clearing Accounts	1,090	0	75,234	76,324	0	0	0		0
Total Hanover Activity	33,273	0	204,231	202,405	35,099	0	35,099		35,099



SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2014

(With Comparative Actual Totals for Prior Year Ended June 30, 2013)

SCHOOL ACTIVITY FUNDS

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	STATEMENT 4 (Continued)		Add Outstanding Encumbrances & A/P	Ending Cash Balance
			Cash Receipts	Cash Expenditures		
Linn High School						
Administrative Activities	\$ 84		17,869	17,549	404	404
Organizations/Classes					0	0
Yearbook	10,871		6,605	6,569	10,907	10,907
National Honor Society	328		1,516	1,458	386	386
Scholars Bowl	834		0	52	782	782
Class of 2010	46		0	0	46	46
Class of 2013	586		0	586	0	0
Class of 2014	11,566		55	11,220	401	401
Class of 2015	9,844		4,542	9,481	4,905	4,905
Class of 2016	2,860		3,273	2,670	3,463	3,463
Class of 2017	0		7,106	4,655	2,451	2,451
Class of 2009	61		0	0	61	61
Art Club	192		138	176	154	154
Linn Music	1,148		223	461	910	910
FBLA	4,848		3,746	5,100	3,494	3,494
FFA	5,000		13,515	17,527	988	988
FCCLA	2,524		8,092	7,666	2,950	2,950
L-Club	108		0	0	108	108
Jr. High Cheerleaders	360		1,658	1,660	358	358
Pepclub/Cheerleaders	812		1,766	1,933	645	645
Student Council	1,599		7,767	7,549	1,817	1,817
Thesplan	402		876	644	634	634
Subtotal Linn Organization	\$ 53,989	0	60,878	79,407	35,460	35,460
Scholarship Funds					0	0
National Honor Society Alumni	50		10	0	60	60
Buildog Scholarship	8,457		7,259	6,729	8,987	8,987
Subtotal Linn Scholarships	8,507	0	7,269	6,729	9,047	9,047
Revolving/Clearing Accounts						
Lunch	0		45,656	45,656	0	0
Textbooks	0		10,483	10,483	0	0
Revolving Music	0		467	467	0	0
Revolving Vo-Ag	0		994	994	0	0
Revolving Wood	0		1,764	1,764	0	0
Revolving Art	0		430	430	0	0
Petty Cash	0		2,611	2,611	0	0
Student - Act Petty Cash	0		4,209	4,209	0	0
Subtotal Linn Clearing Accounts	0	0	66,614	66,614	0	0
Total Linn Activity	62,580	0	152,630	170,299	44,911	44,911

This is not a budgeted fund.  
See Accountant's Report and Accompanying Notes

**UNIFIED SCHOOL DISTRICT NO. 223**  
**Barnes, Kansas**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

Unified School District No. 223 is a municipal Corporation established under Kansas Statute. All USDs in Kansas are required to be audited under K.S.A. 75-1122. The District is governed by an elected seven member board. The financial statements present the financial condition and results of operation of the district. The District's major operations include primary and secondary education for young people. The scope of the entity for financial reporting purposes is designed as those funds for which the District has oversight responsibility and is primarily accountable. Oversight responsibility includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds.

This report is intended solely for the information and use of the Board of Education and management of USD 223, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and Kansas State Board of Education, and should not be used for any other purposes.

The Kansas Municipal Audit and Accounting Guide will be referred to as KMAAG throughout the notes.

**Basis of Presentation**

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restricts, or limitations. The following are Regulatory Basis Fund Types:

**Regulatory Basis Fund Types**

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

**Basis of Accounting-KMAAG Regulatory Basis of Accounting (Formerly Statutory Basis)**

The KMAAG regulatory audit requirement of K.S.A. 75-1122 applies to each individual municipality as defined in K.S.A. 75-1117. The KMAAG regulatory financial reporting entity is comprised of the "municipality" as defined in K.S.A. 75-1117, as a minimum, and may also include certain separate legal entities referred to as "related municipal entities" as defined by KMAAG.

**UNIFIED SCHOOL DISTRICT NO. 223**  
**Barnes, Kansas**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

**GAAP Basis Financial Statements - Minimum Requirements.** GAAP basis financial statements are financial statements prepared in accordance with "Governmental Accounting and Financial Reporting Standards" as promulgated by the Governmental Accounting Standards Board (GASB). For KMAAG purposes, if GAAP basis financial statements are presented, the basic financial statements and notes must be presented at a minimum. All other supplemental schedules are optional. However, the KMAAG mandatory note disclosures (if applicable) must still be presented even though they might not otherwise be required by GAAP to be included in the notes. KMAAG does not provide an example of GAAP financial statements.

**Regulatory Basis Financial Statements - Minimum Requirements.** If GAAP basis financial statements are not presented, then: 1) a GAAP waiver resolution must be passed, and 2) regulatory basis financial statements including regulatory-required supplementary information, must be presented. Regulatory basis financial statements are financial statements prepared in accordance with the guidelines of KMAAG. Such financial statements are prepared on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas and prepared in accordance with the prescribed format established by KMAAG.

The regulatory basis financial statement consists of a single basic financial statement which is a summary statement containing all funds and related municipalities included in the financial reporting entity and demonstrating compliance with the cash basis law. The remainder of the required financial information to be presented is considered regulatory-required supplementary information which includes 1) a fund summary schedule containing all funds and showing compliance with the budget law for those funds required to be budgeted, 2) individual fund schedules for all funds except agency funds, with budget comparisons for those funds required to be budgeted, 3) a fund summary schedule, for agency funds only, showing cash balances and changes therein, and 4) special schedules unique to the municipality. Note: Regulatory-required supplementary information are the additional schedules that are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide and are not to be considered as required supplementary information as defined by auditing standards generally accepted in the United States of America. In addition, the KMAAG mandatory note disclosures must be presented and must include all disclosures necessary for fair presentation in accordance with the KMAAG regulatory basis framework. All other schedules that may be presented are optional.

**Departure from GAAP**

A waiver from the requirement to prepare and audit GAAP basis financial statements is necessary *only if* the municipality decides to present regulatory basis financial statements. A waiver is not required for financial statements that are prepared in accordance with the GAAP basis framework but include certain departures from GAAP. For example, if GAAP financial statements are presented but do not include the management discussion and analysis, this would be a departure from GAAP. However, even lacking the management discussion and analysis required supplementary information, the basic financial statements may still be presented on a GAAP basis framework, thus a waiver would not be required. The District has approved a resolution that is compliance with K.S.A. 75-1120a(c) waiving the annual for application of GAAP for the year ended 6/30/14. This waiver is completed annually and allows the District to use the regulatory basis of accounting.

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balance, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles,

## UNIFIED SCHOOL DISTRICT NO. 223

Barnes, Kansas

### NOTES TO FINANCIAL STATEMENTS

June 30, 2014

encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statement.

#### Reimbursed Expenses

The purpose of these expenditures is to repay the district for amounts remitted on behalf of another party and such expenditures are exempt for the budget law under K.S.A. 79-2934. Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement. The Municipality records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

#### 2013 Financial Data

Amounts that are shown for 2013 in the accompanying financial statements are included where practical, only to provide a basis for comparison with 2014, and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

#### Cash and Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

#### Ad Valorem Tax Revenue

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually the determination of assessed valuation and the collections of property taxes for all political subdivisions in determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the District by January 20 to help finance the current year's budget. The second half is due May 10 and distributed to the District June 5. The District Treasurer draws all available funds from the County Treasurer's Office at designated times throughout the year.

#### Budgetary Data

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service fund. The statutes provide for the following sequence and time table in the adoption of the annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1st.
- Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
- Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
- Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increase in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. These taxes become a lien against all property November 1<sup>st</sup>. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. Delinquent taxes are assessed interest at 9% per annum. This interest is retained by the County.

# UNIFIED SCHOOL DISTRICT NO. 223

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2014

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budget receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditures authority) lapse at year-end.

A legal operating budget is not required for trust funds, agency funds, and the following special revenue funds: Textbooks and Student Materials, Athletic Gate Receipts and other School Agency/Activity Funds, Fee and User Charges/Clearing Accounts, Contingency Reserve, Employee Benefits, and Federal Funds.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body. Inventories and prepaid expenses which benefit future periods are recorded as an expenditures during the year of purchase. For disclosure purposes, material inventories would be reported as an asset offset by a reserve. The district had no material inventories.

A legal operating budget is not for required for the contingency fund, trust and agency funds, and the following special revenue funds: Textbook Rental, Interest, Title I Migrant, Title IIA-Teacher Quality, Title I Current and Carryover, and Small Rural School Fund.

### NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### Compliance With Kansas Statutes and Other Finance Related Legal Matters

There are no noted violations with such compliance requirements.

### NOTE C- DEPOSITS AND INVESTMENTS

#### Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk. Cash balances from all funds are combined and invested to the extent available in certificates of deposits and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

#### Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Municipality's deposits may not be returned to it. State statutes require the Municipality's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2013.

At year-end the carrying amount of the district's deposits, including certificates of deposit and money market accounts was \$1,618,934. Checking Accounts equaled \$1,418,934 and activity operating accounts had a balance of \$80,010. The certificate of

## UNIFIED SCHOOL DISTRICT NO. 223

Barnes, Kansas

### NOTES TO FINANCIAL STATEMENTS

June 30, 2014

deposit had a balance of \$200,000. The difference between the carrying amount and the bank balance are outstanding checks and deposits in transit. Of the bank balance, \$452,855 was covered by FDIC insurance and the remaining balance was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the district's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a third-party custodial agreement signed by all three parties: the district, the pledging bank, and the independent third-party banks holding the securities.

#### Investment Policy

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit investment choices. Funds of the district were on deposit in interest bearing accounts in banks and Certificates of Deposits issued by banks at June 30, 2014.

The cash of each of the funds of the district is pooled together so that better management of cash and investments can be practiced, resulting in greater earnings accruing to the district. Please refer to Statement 1 to review how the various funds are accruing interest.

#### Custodial Credit Risk – investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Municipality will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

#### Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

#### NOTE D- FRINGE BENEFIT PLAN I.R.C. 125

The District has in place an IRS-IRC Section #125 "Cafeteria" Fringe Benefit Plan. The District shall pay the cost of a single health care premium for each teacher up to and including an amount of \$500 per month. No cash-in-lieu arrangements will be considered under any circumstances. Participation in the district group health plan is mandatory to receive this benefit.

Any employee may reduce his/her salary by an amount up to the statutory limit on non-taxable benefits as set forth in the program. Items by which the employee may reduce his/her contract are as follows: Group Medical Insurance, Disability Insurance, Group term life insurance up to \$50,000, Cancer Insurance, Medical Reimbursement, Dependent Care, Dental and Vision Insurance, and Health Savings Accounts. The District provides full family health insurance coverage for the Superintendent and for the principals with the designated common carrier.

The plan year runs from September 1 to August 31st annually. The maximum benefit allowance per employee is \$ \$2500/yr for the year ended June 30, 2014 for Medical Reimbursements. The maximum for the dependent care reimbursement account is \$5000 annually.

#### NOTE E- CONTINGENT LIABILITIES

The district has computed the unfunded accumulated sick/personal leave costs as of June 30, 2014 to be \$184,535. Please Refer to Note F for further information on compensated absences.

#### NOTE F- COMPENSATED ABSENCES

The District's policies regarding vacation and sick leave are: Teachers are allowed nine days sick leave accumulative to 90 days and three personal leave, non-accumulative; the Superintendent is allowed 12 days sick leave accumulative to 60 days, three days personal leave, non-accumulative, and 20 days annual vacation leave; the principals are allowed 12 days sick leave accumulative to 60 days and two days personal leave accumulative to three days; the U.S.D. clerk/secretary is allowed 12 days sick leave accumulative to 60 days, three days

## UNIFIED SCHOOL DISTRICT NO. 223

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### NOTES TO FINANCIAL STATEMENTS

June 30, 2014

personal leave, non-accumulative, and 12 days annual leave, non-accumulative; the building secretaries are allowed nine days sick leave accumulative to 30 days and two days personal leave, non-accumulative; the cooks and teachers aides are allowed nine days sick leave accumulative to 30 days and two days personal leave, non-accumulative; the custodians are allowed 12 days sick leave accumulative to 60 days, two days personal leave, non-accumulative, and 12 days annual leave, non-accumulative; the maintenance/transportation supervisor is allowed 12 days sick leave accumulative to 60 days, three days personal leave, non-accumulative, and 12 days annual leave, non-accumulative; the U.S.D. treasurer/central office secretary is allowed 12 days sick leave accumulative to 60 days, three days personal leave, non-accumulative, and 12 days annual leave, non-accumulative; the bus drivers are allowed nine days sick leave accumulative to 30 days and 2 personal days leave, non-accumulative.

After 5 years of consecutive and continuous service in USD #223, teachers who retire in the district under KPERS guidelines shall be paid for unused sick leave up to a maximum of 60 days at the amount of half rate of substitute pay per day for every day of unused sick leave that they may have accumulated at the end of the contract year at which retirement is to take place. In order to receive benefits for payment of unused sick leave, the teacher must notify the central office by the end of their contract period that their intention of retirement will take place the following year.

After 5 years of consecutive and continuous years of service in USD #223, teachers who resign their position, or their contract is terminated shall be paid for unused sick leave up to a maximum of 90 days in the amount of half of substitute pay for every day of unused sick leave that they may have accumulated at the end of the contract year at which the resignation/termination is to take place. Liability for compensated absences is not reflected in the financial statements.

#### NOTE G- DEFINED BENEFIT PENSION PLAN

*Plan description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, etc. seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-4921 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members starting January 1, 2014 and 6% starting January 1, 2015. Tier 2 members remain at 6% of covered salary. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share. The amount of KPERS Employer Contribution Payments FYE 6/30/2014 was \$252,299.

#### NOTE H- RISK FINANCING AND RELATED INSURANCE ISSUES

The district is exposed to various risks of loss related to torts; theft of, damage to; and destruction of assets; errors and omissions; injuries to employees; and nature disasters. The district continues to carry insurance for all risks of loss including workers compensation. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

#### NOTE I- FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value amounts for cash and cash equivalents approximate carrying amounts due to the short maturities of these instruments. Financial instruments that subject the district to significant concentration and credit risk consist of cash and cash equivalents. The district places its cash in market interest rate accounts and are insured fully by FDIC coverage and pledged securities with fair market value equal to or greater than its cash and cash equivalents.

#### NOTE J- FIDUCIARY/TRUST TYPE FUNDS

The District does not currently have any of these funds in their financial statement FYE 6/30/14.

**UNIFIED SCHOOL DISTRICT NO. 223**

**Barnes, Kansas**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2014**

**NOTE K- OTHER POST-EMPLOYMENT BENEFITS**

As provided by K.S.A 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

**NOTE L- IN-SUBSTANCE RECEIPT IN TRANSIT**

The District received \$202,712 subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.

**NOTE M- LONG-TERM DEBT**

The District is responsible for Series 2004 General Obligation School Bonds. Please refer to Note U for further analysis of the bond issuance and information.

**NOTE N- CAPITAL PROJECT COMPLIANCE**

The District currently has no capital projects being undertaken.

**NOTE O- LITIGATION CONTINGENCIES**

The District currently has no litigation contingencies that it is involved in.

**NOTE P- COMMITMENT AND CONTINGENCIES**

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2014.

**NOTE Q- SUBSEQUENT EVENTS**

These financial statements considered subsequent events through November 10, 2014 the date the financial statements were available to be issued.



## NOTES TO FINANCIAL STATEMENTS

June 30, 2014

## Note R- INTER-FUND TRANSACTIONS

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue, to the fund authorized to expend the revenue, have been segregated from normal revenues and expenditures for reporting purposes are are:

FROM	TO	2014	2013
General	Professional Development	\$ 0	10,000
General	Special Education	511,270	560,213
General	Vocational Ed	180,000	180,000
General	At Risk K-12	150,000	150,000
General	Food Service	250	0
General	Bilingual	12,000	18,000
	<b>Totals</b>	<b>853,520</b>	<b>918,213</b>
Supplemental General	Special Education	138,183	118,333
Supplemental General	Parents as Teachers	8,000	9,000
Supplemental General	Bilingual	6,675	4,120
	<b>Totals</b>	<b>152,858</b>	<b>131,453</b>
Interest	Food Service	5,000	11,241
Interest	Special Education	139	706
Interest	Capital Outlay	0	0
	<b>Totals</b>	<b>5,139</b>	<b>11,947</b>
	<b>Totals</b>	<b>1,011,517</b>	<b>1,061,613</b>

The above transfers are included in the expenditures of the disbursing fund and included in the revenues of the receiving fund as required by the Cash Basis and Budget Laws of Kansas, and for budget comparison purposes.

UNIFIED SCHOOL DISTRICT NO. 223  
Barnes, Kansas  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note S-INTER-GOVERNMENTAL ASSISTANCE STATE

<u>Type of Aid</u>	<u>2014</u>	<u>2013</u>
General State Aid	\$ 1,887,539	1,986,626
Supplemental State Aid	206,597	239,317
State Safety	2,210	3,627
State Food Service	2,121	2,112
State Special Ed	406,326	488,327
School District Capital Improvement	15,788	15,874
GSA Transportation Weighting	91,184	0
Spec. Ed Weighting	44,260	0
KPERS Employer Cont.	252,299	223,357
<b>Totals</b>	<b>2,908,324</b>	<b>2,959,240</b>

Note T-INTER-GOVERNMENTAL ASSISTANCE FEDERAL

<u>Type of Aid</u>	<u>2014</u>	<u>2013</u>
Title I Fund	\$ 57,005	60,383
Small Rural Schools	0	23,166
Food Service-Breakfast	21,273	19,475
Food Service-Other	80,061	79,049
Migrant Health Care	247	0
Title II Improving Teacher Quality	13,960	14,837
Title I C Migrant	40,000	35,000
<b>Totals</b>	<b>212,546</b>	<b>231,910</b>

Note U

STATEMENT OF CHANGES IN LONG - TERM DEBT  
For The Year Ended June 30, 2014

<u>Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>
General Obligation Bonds Series 2004	3.25 to 3.7 percent	12/1/2004	\$ 1,500,000	9/1/2015	\$ 570,000	0	(\$180,000)	(\$180,000)	\$ 390,000
TOTAL LONG TERM DEBT			\$ 1,500,000.00		\$ 570,000.00	\$ 0.00	-\$180,000.00	-\$180,000.00	\$ 390,000.00

Year	Principal Due	Interest
2014-15	\$190,000.00	\$7,120.00
2015-16	\$200,000.00	

The Bond was paid off ahead of time in September of 2014, which is FY 6/30/15.